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Use Tax Due on Online Holiday Purchases

PIERRE, S.D. – Holiday shopping has begun and as South Dakotans head to their computers to search for great deals, the South Dakota Department of Revenue reminds them that state and municipal use tax may be due on their purchases.

Business Tax Division Director Doug Schinkel says many consumers do not realize that most Internet retailers are not collecting sales tax on online sales, so use tax would be due.

“Many people assume they are being charged sales tax by Internet retailers because they are used to paying sales tax on items they buy in a storefront business,” Schinkel said. “But in many cases, the Internet retailer is not charging the tax. If an individual buys something online and is not charged sales tax on the item, it’s up to the purchaser to pay use tax to the state.”

South Dakota’s use tax rate is 4 percent, the same as the state’s sales tax rate. Municipal tax may also be due based on where the purchaser receives the goods. Schinkel says shoppers can find use tax reporting forms and other information on South Dakota’s use tax on the Department of Revenue website at <http://www.state.sd.us/drr2/businessstax/st/usetax.htm>.

Do you have questions on use tax? Contact the Department’s toll-free helpline at 800-829-9188 or your local Revenue office for assistance. Offices are located in Aberdeen, Mitchell, Pierre, Rapid City, Sioux Falls, Watertown and Yankton.